

# Senate Study Bill 3124 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
TRANSPORTATION BILL BY  
CHAIRPERSON BOWMAN)

## A BILL FOR

1 An Act relating to the use of licenses and advertisements  
2 by motor vehicle dealers and wholesalers, and providing  
3 penalties.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 322.2, subsection 7, Code 2016, is  
2 amended to read as follows:

3 7. "*Engaged in the business*" means doing any of the  
4 following acts for the purpose of the sale of motor vehicles  
5 at retail: acquiring, selling, exchanging, holding, offering,  
6 displaying, brokering, accepting on consignment, conducting a  
7 retail auction, advertising as being engaged in any of those  
8 acts, or acting as an agent for the purpose of doing any of  
9 those acts. A person selling at retail more than six motor  
10 vehicles during a twelve-month period may be presumed to be  
11 engaged in the business.

12 Sec. 2. Section 322.3, subsection 3, Code 2016, is amended  
13 to read as follows:

14 3. Subsections 1, and 2, and 16 shall not be construed  
15 to require the separate licensing of persons employed as  
16 salespersons of motor vehicles by a retail motor vehicle  
17 dealer. However, the department may promulgate reasonable  
18 rules as necessary for the proper identification of persons  
19 employed as salespersons.

20 Sec. 3. Section 322.3, Code 2016, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 16. A motor vehicle dealer or wholesaler  
23 licensed under this chapter shall not sell, loan, rent, lease,  
24 or charge a fee for the use of the license to another person for  
25 the purpose of allowing the person to engage in the business  
26 of selling motor vehicles. A violation of this subsection may  
27 result in the revocation of the dealer's license pursuant to  
28 section 322.9 or the revocation of the wholesaler's license  
29 pursuant to section 322.31, in addition to any other penalty  
30 provided by law.

31 Sec. 4. NEW SECTION. **322.7C Motor vehicle dealer**  
32 **advertising.**

33 A print or digital media advertisement by a motor vehicle  
34 dealer licensed under this chapter, other than an advertisement  
35 located on the premises of the dealer's place of business,

1 shall include the name under which the dealer engages in the  
2 business, the dealer's general distinguishing number assigned  
3 by the department pursuant to section 321.59, and a landline  
4 telephone number of the dealer. An advertisement may also  
5 contain a cellular telephone number of the dealer.

6 Sec. 5. Section 322.14, subsection 1, Code 2016, is amended  
7 to read as follows:

8 1. A person who violates any of the provisions of this  
9 chapter for which a penalty is not specifically provided is  
10 guilty of the following offenses:

11 a. For the first violation, a simple misdemeanor punishable  
12 by a fine of not less than two hundred fifty dollars nor more  
13 than one thousand five hundred dollars or by imprisonment not  
14 to exceed thirty days.

15 b. For the second violation, a serious misdemeanor.

16 c. For the third violation, an aggravated misdemeanor.

17 d. For the fourth or a subsequent violation, a class "D"  
18 felony.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with  
21 the explanation's substance by the members of the general assembly.

22 This bill expands the definition of "engaged in the  
23 business" as the term relates to motor vehicle manufacturers,  
24 distributors, wholesalers, and dealers to include advertising  
25 as being engaged in acquiring, selling, exchanging, holding,  
26 offering, displaying, brokering, accepting on consignment, or  
27 conducting a retail auction of motor vehicles.

28 The bill prohibits a licensed motor vehicle dealer or  
29 wholesaler from selling, loaning, renting, leasing, or charging  
30 a fee for the use of the license to another person for the  
31 purpose of allowing the person to engage in the business of  
32 selling motor vehicles. A violation of the provision may  
33 result in the revocation of the dealer's or wholesaler's  
34 license. The provision does not require the separate licensing  
35 of persons employed as salespersons by a dealer.

1     The bill requires a print or digital media advertisement by  
2 a motor vehicle dealer, other than an advertisement located  
3 on the premises of the dealer's place of business, to include  
4 the name under which the dealer engages in the business,  
5 the dealer's general distinguishing number assigned by the  
6 department of transportation, and a landline telephone number  
7 of the dealer. An advertisement may also contain a cell phone  
8 number of the dealer.

9     Under current law, a violation of a provision of Code chapter  
10 322 (motor vehicle manufacturers, distributors, wholesalers,  
11 and dealers) is a simple misdemeanor punishable by a fine of  
12 not less than \$250 nor more than \$1,500 or by imprisonment not  
13 to exceed 30 days. The bill provides that a second violation  
14 is a serious misdemeanor punishable by a fine of at least  
15 \$315 but not to exceed \$1,875 and imprisonment not to exceed  
16 one year, a third violation is an aggravated misdemeanor  
17 punishable by a fine of at least \$625 but not to exceed \$6,250  
18 and imprisonment not to exceed two years, and a fourth or  
19 subsequent violation is a class "D" felony punishable by a fine  
20 of at least \$750 but not to exceed \$7,500 and imprisonment not  
21 to exceed five years.